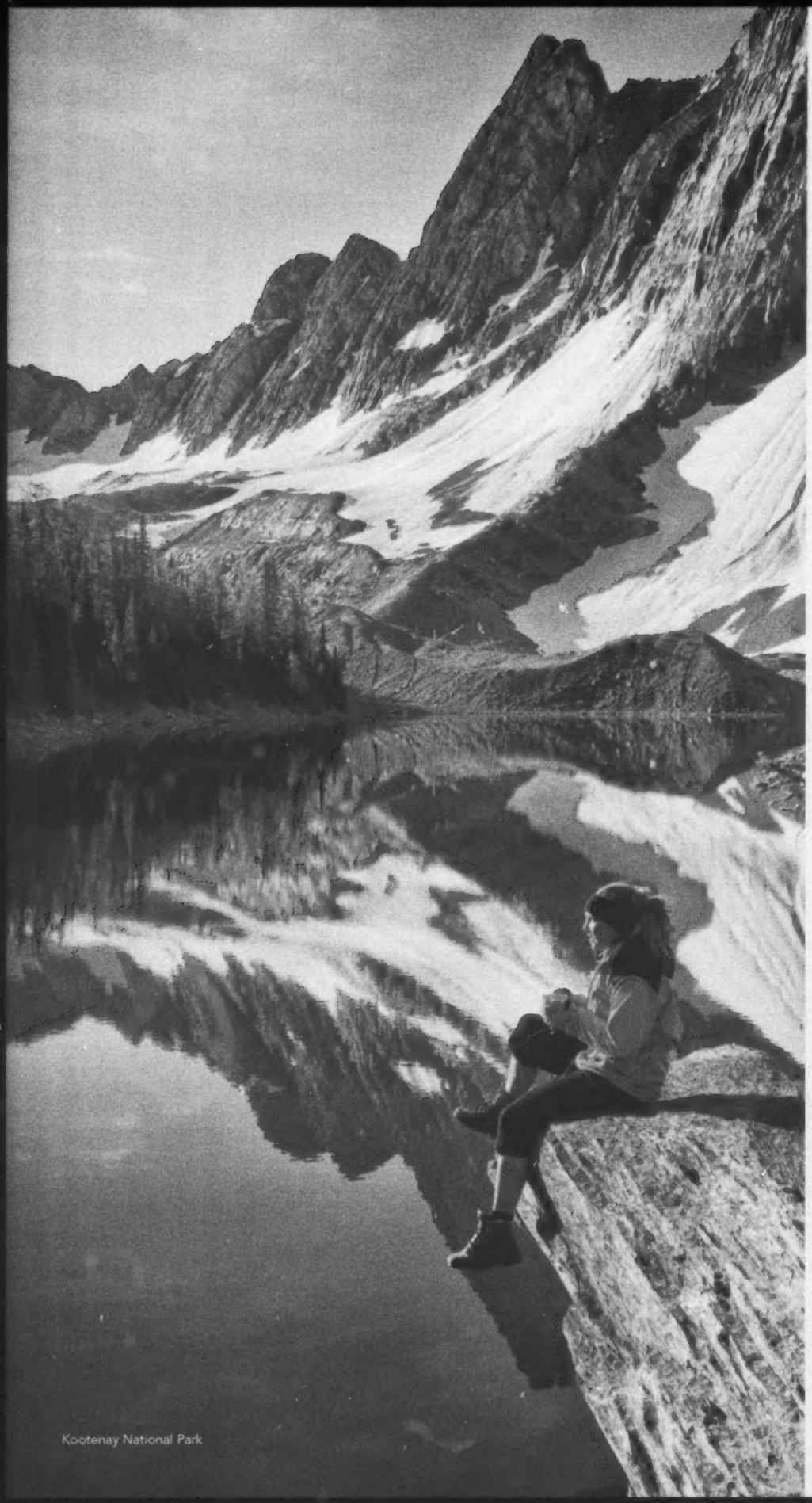


Kootenay National Park

SERVICE PLAN

2014/15 – 2016/17

Destination British Columbia™

MESSAGE FROM THE BOARD CHAIR AND ACCOUNTABILITY STATEMENT

To the Honourable Shirley Bond, Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour:

On behalf of the Board of Directors of Destination BC Corp., I am pleased to present our Service Plan for the fiscal years 2014/15 to 2016/17. Destination British Columbia's (Destination BC's) core business is to work collaboratively with tourism stakeholders across the province to coordinate tourism marketing at the international, provincial, regional and local levels. This Service Plan summarizes the Corporation's mandate and goals and describes our priorities to support its future success.

Tourism is a key sector that drives economic growth and job creation and enhances the vibrancy of British Columbia's many communities and regions. For fiscal years 2014/15 and beyond, our actions are focused on achieving results in those areas that are critical to success – growing awareness of British Columbia's tourism products in our target markets through high impact marketing and managing the Corporation with accountability and effectiveness.

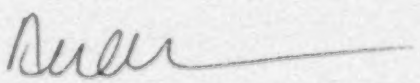
Since the publication of our first Service Plan in 2013/14, we welcomed Marsha Walden as Destination BC's first permanent President and CEO effective November 25th. Under Ms. Walden's leadership, Destination BC will develop its first five-year corporate strategy, including a new marketing plan. We will then align our actions, workforce, capital and technology strategies and business processes with this new strategy and utilize our financial and human resources as effectively as possible to execute the new strategy. The Corporation's ongoing objectives and strategies will be further refined by the Board of Directors during 2014/15 as the new strategic marketing plan is developed and implemented.

The tourism industry in British Columbia has experienced tremendous change over the past decade and the face of tourism continues to change globally and rapidly. Increasing competition from other countries and regions, changing consumer interests, inconsistent global economic recovery and the growing use of technology are just a few of the key trends and challenges that Destination BC, Government Ministries and the tourism industry must address for this important sector to flourish. The Corporation will take all of these factors into account as we define our new tourism marketing plan. During 2014/15, Destination BC will also develop a formal risk management program, to evaluate risks and develop action plans on an ongoing basis. As you will see in this Service Plan, Destination BC is taking a variety of steps to address some of these challenges in 2014/15, including the revitalization of the British Columbia brand to present a distinctive and compelling proposition to potential visitors, and seeking the support of the newly formed Tourism Marketing Committee to identify ways to improve stakeholder collaboration and marketing alignment across the province.

The 2014/15 - 2016/17 Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. The plan is consistent with Government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

To the best of our knowledge, all significant assumptions, policy decisions, events and identified risks, as of January 17, 2014, have been considered in preparing the plan. The performance measures presented are consistent with Destination BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Destination BC's operating environment and forecast conditions.

On behalf of the Board of Directors, I would like to thank the Government of British Columbia, the Premier and the Minister of Jobs, Tourism and Skills Training for their leadership and support during Destination BC's first year of operations. I would also like to thank management and staff for their commitment to Destination BC and their contribution towards the success of the organization. We look forward to achieving the goals in this plan and realizing the results that will come from the coordinated, focused efforts of Destination BC.



Andrea Shaw, Chair, Board of Directors

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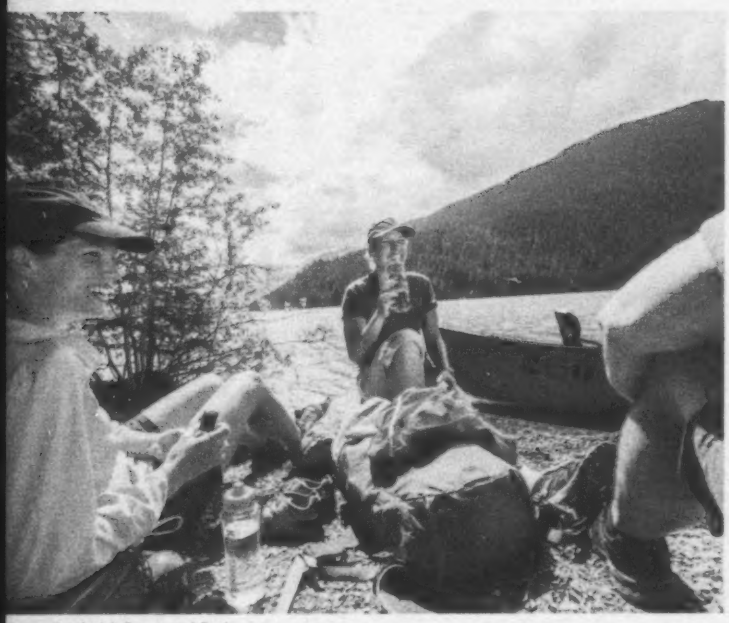
ORGANIZATIONAL OVERVIEW

WHO WE ARE

Established on November 2, 2012 under the Business Corporations Act and continuing as a statutory Crown corporation pursuant to the *Destination BC Corp. Act*, Destination BC Corp. is wholly owned by the Province of British Columbia and commenced operations on April 1, 2013.

Operating as Destination British Columbia (Destination BC), the Crown corporation works collaboratively with tourism stakeholders across the province to coordinate tourism marketing at the international, provincial, regional and local levels.



Garibaldi Provincial Park

MANDATE

Destination BC has a mandate to:

- Market British Columbia domestically, nationally and internationally as a tourist destination;
- Promote the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry, including, without limitation, by:
  - Providing support for regional, sectoral and community tourism marketing;
  - Providing industry leadership in tourism marketing;
  - Promoting training and development in relation to tourism marketing;
  - Providing support for visitor centres; and
  - Conducting tourism-related market research;
- Provide advice and recommendations to the minister on tourism-related matters; and
- Enhance public awareness of tourism and its economic value to British Columbia.

ORGANIZATIONAL STRUCTURE

Destination BC has approximately 130 staff positions, primarily based in BC (Vancouver and Victoria). The organization is multi-national, with in-market representation in the United Kingdom, Germany, Japan, Korea, China and Australia. Offices in Japan and the United Kingdom are staffed with locally engaged employees; Destination BC contracts with in-market representatives in the other international offices. The organization is structured in three functional areas of Tourism Marketing, Tourism Partnerships, and Research, Planning and Evaluation.

Tourism Marketing

The Tourism Marketing team deploys a combination of consumer-direct and travel trade marketing and media relations worldwide to motivate travel to British Columbia, increase provincial tourism revenues and encourage the geographic and seasonal distribution of visitors to and within British Columbia. Activities are designed to help move the consumer through the vacation planning and purchase process (from awareness, interest, purchase, to recommendations and repeat purchase) with the goal of increasing demand for British Columbia as a preferred travel destination. The team includes staff dedicated to North America marketing, travel media relations, overseas marketing, eMarketing and marketing communications.

Tourism Partnerships

The Tourism Partnerships team focuses on supporting tourism businesses throughout British Columbia in a way that is inclusive of industry, and works to improve overall marketing effectiveness through alignment, cooperation and collaboration.

Program areas include Regional Partnerships, Aboriginal Tourism Partnerships, Community Partnerships and Sector Partnerships. These units work to leverage tourism investments and seek to encourage coordination and integration between industry-led marketing and Destination BC tourism marketing programs.

The team also includes Visitor Services and Tourism Product Management staff, who connect visitors to travel information and individual tourism businesses, motivating visitors to extend their stay and travel to all regions of the province. **WorldHost®** Training Services and Quality Assurance help to increase industry professionalism and help employers address shortages in British Columbia's tourism workforce. The Tourism Partnerships team is also responsible for publishing *British Columbia Magazine*, which highlights tourism experiences in BC.

Okanagan Falls

Research, Planning and Evaluation

The Research, Planning and Evaluation team works to build a knowledge base that supports research driven decision-making and program evaluation by Destination BC, community and sector organizations, tourism businesses and government. This includes analyzing tourism performance indicators, tracking tourism industry performance and communicating information on industry performance and trends to stakeholders, and to the general public to raise awareness of the economic value of tourism.

The team partners with other federal, provincial and local agencies (the Canadian Tourism Commission (CTC), Parks Canada, Canadian Heritage, other provincial and territorial destination marketing organizations) on national and international visitor surveys.

Additional information about Destination BC can be found on its website at DestinationBC.ca.

Regional Destination Marketing

The six Regional Destination Marketing Organizations (RDMOs) in the province play an integral role in strengthening local and regional tourism in the province. Destination BC provides funding to these organizations to fulfill this role through formal contracts between the corporation and the RDMOs. These contracts are published on Destination BC's website.

CORPORATE GOVERNANCE

Destination BC reports to the Minister of Jobs, Tourism and Skills Training and is governed by a Board of Directors comprised of nine private sector Directors appointed by the Lieutenant Governor in Council, based on recommendations provided by the Board to the Minister. Of the nine members, only four may be currently involved in the tourism sector.

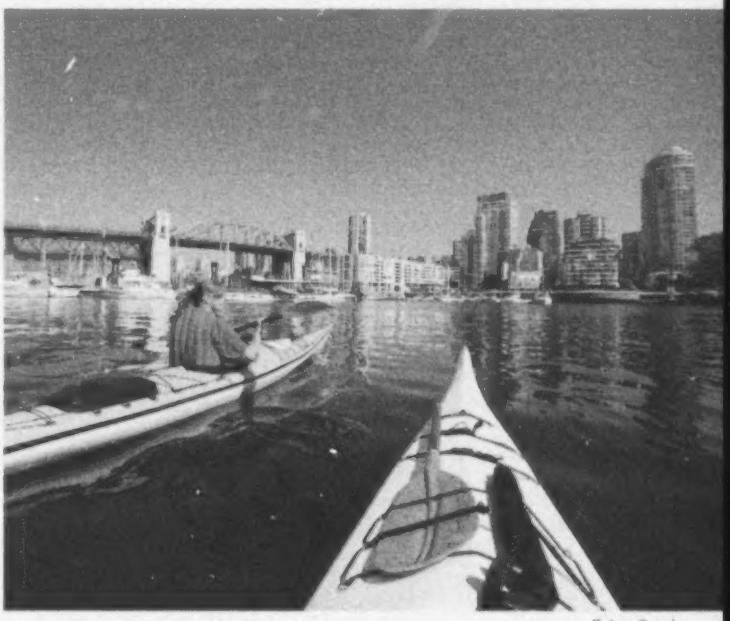
The Directors are chosen on the basis of their experience and the expertise required on the Board, against a well-defined board skills matrix. The Board is responsible for providing leadership and strategic direction to Destination BC, in accordance with Destination BC's mandate, Government's strategic direction and Government's Letter of Expectations, as well as overseeing management in the conduct of the organization's business. This includes to:

- Set vision and strategic direction and empowering management to pursue them;
- Ensure appropriate fiscal and management policies, controls and accountabilities are in place;
- Approve the annual budget and fiscal plan;
- Ensure appropriate risk-management measures are in place;
- Hold management accountable for defined performance measurements;
- Ensure effective use of resources;
- Develop strategies to engage and partner with key stakeholders in the marketing of tourism; and
- Report to government, stakeholders and the public.

The Board is guided by the standards, principles and disclosure requirements included in the Provincial Government's *Best Practice Guidelines: BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations.*

The Chair is responsible for the effective leadership and performance of the Board and is the liaison between the Board and the Minister responsible for tourism. The Chair works with the Chief Executive Officer (CEO) to ensure effective relations with tourism stakeholders and government.

Directors have a fiduciary duty to act in the best interests of Destination BC. They are guided in fulfilling their mandate by Destination BC's partners and stakeholders and, in particular, British Columbia's tourism industry.



False Creek

Board Of Directors

- Andrea Shaw (Chair)
- Laird M. Miller (Vice-Chair)
- Susan Doi
- Gordon Fitzpatrick
- Chief Clarence Louie
- Matt Mosteller
- Loring Phinney
- Robert Pratt
- Alan Raine

Individual biographies of the Board Chair and Directors can be found **here**.

North Pender Island

The Board Chair is an ex-officio member of all committees and each Director serves on one or more of four standing committees:

1. Finance and Audit Committee

COMMITTEE ROLE: The Finance and Audit Committee assists the Board in fulfilling its oversight responsibilities related to internal controls, audit processes, compliance with laws, regulations and policies, risk management and other related financial management matters. The committee ensures that all necessary reporting is carried out in a timely manner.

CHAIR: Laird Miller

MEMBERS: Gordon Fitzpatrick and Robert Pratt

2. Human Resources Committee

COMMITTEE ROLE: The Human Resource & Compensation Committee assists the Board in fulfilling its obligations relating to human resource and compensation issues. The committee maintains a focus on the performance and development of the CEO and on key strategic human resource priorities.

CHAIR: Robert Pratt

MEMBERS: Susan Doi, Gordon Fitzpatrick, Chief Clarence Louie, Matt Mosteller and Loring Phinney

3. Governance Committee

COMMITTEE ROLE: The Governance Committee is responsible for ensuring that Destination BC and its Board develop and implement an effective approach to corporate governance. This will enable the business and affairs of the organization to be carried out, directed and managed with the objective of ensuring compliance with governance practices and sound ethical principles.

CHAIR: Susan Doi

MEMBERS: Chief Clarence Louie, Laird Miller, Matt Mosteller and Alan Raine

4. Tourism Marketing Committee

COMMITTEE ROLE: The Tourism Marketing Committee provides strategic advice to the Destination BC Board and CEO related to:

- Marketing strategies for the organization;
- Performance metrics to track the success of the organization's tourism marketing activities, and the performance of the tourism sector; and
- Ways to use Destination BC funds to leverage private and public sector tourism marketing funds.

CHAIR: CEO of Destination BC

MEMBERS: The Tourism Marketing Committee is comprised of representatives nominated by each of the six Regional Destination Marketing Organizations, two Destination BC Board members (Loring Phinney and Gordon Fitzpatrick) and Marsha Walden, CEO. A complete list of current Tourism Marketing Committee members can be found **here**.

The Board has developed a Terms of Reference for each committee that can be viewed **here**.

After meeting monthly during the first year of operations, the Board of Directors will meet at least quarterly during 2014/15.

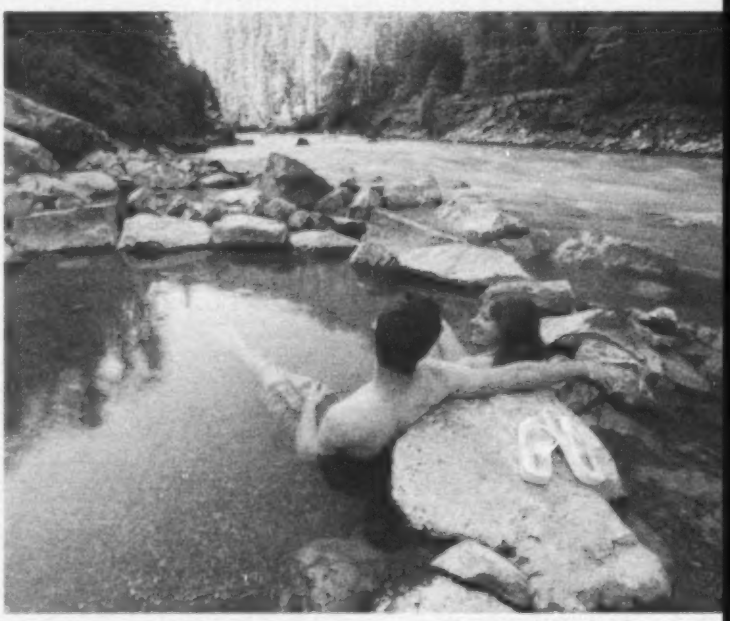
GOVERNANCE PRINCIPLES

Destination BC's governance principles are:

- Directors are independent of both government and Destination BC management;
- Terms of reference clearly define chair, director and committee responsibilities;
- Oversight of management is meaningful;
- Board and employees follow a rigorous code of conduct;
- Governance improves continuously through professional development of directors and annual Board assessments; and
- Governance practices are transparent.

EXECUTIVE MANAGEMENT

Responsibility for day-to-day management of Destination BC is delegated to the CEO. The CEO leads the organization in achieving the corporate goals and priorities set by the Board, establishes standards for organizational conduct and recommends new initiatives to the Board. After a global search, conducted by a leading executive search firm, Marsha Walden was appointed as Destination BC's first permanent President and CEO in October 2013, with a formal start date of November 25, 2013.

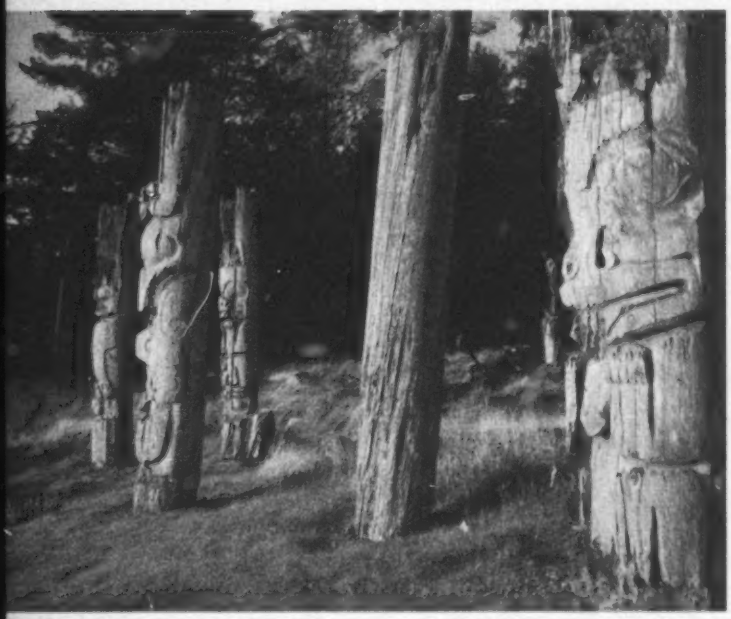


Lussier Hot Springs

STRATEGIC CONTEXT

Tourism is a critical sector within BC's economy. In 2012, the tourism industry generated $13.5 billion in revenue, an increase of 2.5 per cent from 2011 and a 43 per cent increase since 2001. The industry contributed $7.1 billion in GDP and $3.2 billion in export revenues and employed over 127,000 people with total tourism wages and salaries of $4.3 billion. In addition, the industry generates social, cultural and environmental benefits for all British Columbians.[1]

In September 2011, the Provincial Government released *Canada Starts Here: the BC Jobs Plan*, in which eight sectors where BC has a unique competitive advantage key to the provincial economy were identified. Tourism was one of those key sectors. On October 25, 2011, as part of *Canada Starts Here*, Premier Christy Clark introduced sector specific strategy for tourism called *Gaining the Edge, a Five-year Strategy for Tourism in British Columbia 2012-2016*. The creation of Destination BC was a key commitment identified in *Gaining the Edge*.



Haida Gwaii

The British Columbia tourism sector is primarily comprised of thousands of small businesses dealing with thousands of consumers – some visiting just once in their lifetime, others travelling throughout British Columbia and visiting many times. Destination BC's role is to provide a unifying and consistent brand and marketing strategy for the tourism sector that can showcase British Columbia's competitive advantages and tourism products, motivating travellers from around the world to visit our province, as well as encouraging British Columbia's residents to travel within the province.

Coordination and collaboration between Destination BC, all levels of government, and the tourism industry is needed in order to fully realize the potential of the tourism industry in BC. This takes different forms depending on the market, product or development activity. For example, in overseas markets where the Canada brand is most recognized by potential visitors, the Canadian Tourism Commission leads marketing efforts and is supported by Destination BC. In nearby markets, such as BC or Alberta, potential visitors are usually familiar with destinations within British Columbia, and regional or community tourism marketing organizations, and individual businesses, with the leadership and support of Destination BC, can often provide a more compelling "call to action" for potential visitors, while in longer haul North American markets, such as Ontario and California, Destination BC takes the lead. In all cases, strong working relationships, collaboration and a unifying vision are required to capitalize on the potential of

1 Source: BC Stats

the industry to contribute to the well being of British Columbians. Destination BC, with the advice and support of the tourism industry through the Tourism Marketing Committee, will continue to strengthen working relationships and enhance collaboration and alignment throughout the British Columbia tourism system.

GLOBAL TRENDS

The tourism industry in British Columbia has experienced tremendous change over the past decade and the face of tourism continues to change globally. Worldwide events such as 9/11, health epidemics, the global economic crisis, emerging trends in technology and social media, as well as the growing role of tourism as an economic driver in resource communities, the Vancouver 2010 Olympic and Paralympic Winter Games, and Canada securing Approved Destination Status (ADS) for Chinese travellers have all altered the landscape of British Columbia's tourism sector.

The Province, through Destination BC and Government Ministries, and the tourism industry must work together to address key trends and challenges to ensure the potential of the tourism sector is fulfilled.

KEY TRENDS

Increasing competition – Countries and regions, such as Eastern Europe, sub-Saharan Africa, and others, that previously attracted few visitors are now competing actively alongside traditional tourism markets such as Canada, Western Europe and the United States. In addition, many of British Columbia's key competitors (Alberta, USA, Australia and New Zealand) are increasing their investment in tourism marketing and development.

Increasing demand and changing consumer interests – Wealthier travellers and an expanding middle class in Asia are among many factors that will contribute to increased demand for tourism. The tourism experiences being sought are also changing, from passive observation and consumption of tourism products such as sightseeing from a motor coach to active engagement and participation in the culture and lifestyle of the destination.

Economic recovery – Inconsistent recovery from the global economic downturn in some of British Columbia's key markets is leading some people to make more conservative trip choices, i.e. lower budget, shorter trips and trips to destinations closer to home.

Victoria

Growing use of technology – The breadth and pervasiveness of technology and the growth of social media, in both mature and emerging markets, is enabling tourists to make better-informed decisions about purchases and to share experiences and recommendations (good and bad) with others around the world. Increasingly, consumers are self-planning their vacations, significantly changing the market dynamics between travellers and the travel trade.

TOURISM INDUSTRY PERFORMANCE

While Destination BC does not produce or sell tourism products and services to visitors itself, it plays a critical role in maximizing long term industry growth. Over the long run, the growth of the tourism industry is the key indicator of the success of the Provincial government's tourism strategy and of Destination BC.

Whistler

On a year to year basis, there are many factors that affect tourism industry performance, such as the economic performance of British Columbia's key tourism markets, exchange rate fluctuations, health or safety issues, unanticipated disruptions in access and weather conditions, to name a few. In defining the province's tourism marketing strategy, Destination BC must take these factors into account. However, measures of total tourism industry performance alone are not sufficient to evaluate the corporation's overall performance. Hence, measures of corporate performance, reported in a later section, focus on measures of outcomes that are more directly attributable to the activities of Destination BC on a year to year basis.

Gaining the Edge sets targets for tourism industry revenue and tourism industry employment for 2012 to 2016. As shown in the table below, industry revenue grew slowly and tourism employment was essentially static during the period before 2012. This was mainly due to the lingering effects of the economic and financial crisis of 2008 on some of British Columbia's key markets such as the USA and the UK. Because measures of industry revenue and employment are typically finalized eight to ten months following year-end, more timely performance indicators are also used to gauge industry performance. Two of the most reliable indicators available are reported in the table below: a) the number of overnight visitors and b) accommodation industry performance. Again, the lingering impacts of the recession can be seen. The occupancy rate shows that there is room for growth in overnight visitation, at certain times of the year, without an immediate need to increase accommodation sector capacity. A broader set of monthly and annual tourism industry performance measures and indicators, including regional indicators, are available in Destination BC's Value of Tourism and Tourism Indicators publications.

Table 1: Tourism Industry Performance 2009 - 2013 *(See Appendix 1 for data sources)*

Performance Measure or Indicator	2009	2010	2011	2012	2013[2]
Tourism Industry Revenue	$12.4 B (-5.7%)	$12.9 B (+4.3%)	$13.1 B (+1.6%)	$13.5 B (+2.5%)	–
Tourism Industry Employment	128,000 (-1.6%)	126,900 (-0.9%)	126,500 (-0.3%)	127,300 (+0.6%)	–
Overnight Visitors From:					
Canada (incl. BC)	N/A	N/A	13,443,000	13,624,000	–
USA	2,899,000	2,955,000	2,904,000	2,940,000	3,060,000 (+4.0%)
Overseas Markets	1,276,000	1,409,000	1,359,000	1,341,000	1,415,000 (+5.5%)
Prov. Accommodation Occupancy Rate	58.8%	60.0%	59.4%	59.6%	60.4%
Prov. Accommodation Daily Room Rate	$130	$138	$131	$131	$133

2 Estimate based on partial year data. Partial year data is not yet available for tourism industry revenue, employment or overnight visitors from Canada.

Chilko Lake

RISKS AND OPPORTUNITIES

Destination BC will develop a formal risk management program during 2014/15, with ongoing evaluation of risks, development of action plans for all significant risks identified, and quarterly reporting to the Board of identified risks and action plans. Currently, preparation of annual program area and divisional operating plans includes a review of existing risks and identification of any potential new business risks. Economic and environmental scanning are key components in this process. They assist in identifying global factors which may affect the business and aid planning to mitigate them.

Major risks and opportunities are outlined in the table below.

RISKS & OPPORTUNITIES	IMPACT	ACTIONS
Global Economy		
Opportunity: A rapidly growing middle class in China, India and other emerging economies. Growing trade and educational connections between BC and emerging economies raises awareness and interest in BC.	Tourism is an "income elastic" expenditure; as incomes rise, travel increases more than proportionately. Increased awareness and interest in BC can lead to increased desire to travel to BC.	Destination BC will work with airlines and tour operators to take advantage of growing demand and new air capacity from China and will continue to evaluate a market entry strategy for India.
Risk: If recent positive indications of recovery of the US and UK economies are not sustained, combined with the continuing Eurozone crisis and recent weakening of the Yen and Rupee, travel could be negatively affected during 2014/15. Increased competition as key competitors (Australia, New Zealand, Alberta, USA, etc) increase investment in tourism marketing and development.	Tourism is a discretionary expenditure, so weak growth and/or exchange rate depreciations may lead to trips being postponed, cancelled or switched to lower cost, short haul trips. Growing challenge to reach potential visitors and tour operators in an increasingly competitive and crowded marketplace.	Destination BC will respond to changes in demand and consumer behaviour by targeting the best market opportunities for sustainable tourism growth and updating strategies and tactics as necessary. Destination BC is revitalizing the British Columbia brand to present a distinctive, compelling proposition to potential visitors and is working to strengthen collaboration with partners, increasing impact in key markets.

RISKS & OPPORTUNITIES	IMPACT	ACTIONS
Access		
Opportunity: The federal and provincial governments are working to improve cost competitiveness and access to Canadian airports for foreign airlines. Air capacity from China and Germany has increased and WestJet's new regional airline, WestJet Encore which may increase air access within the province.	Traveller access to and within British Columbia, the cost of travel to and within BC and visa requirements are major barriers to growth of the tourism industry. Increased access, and/or lower fares could lead to significant growth for the tourism industry.	Destination BC is working with Ministry of Jobs, Tourism and Skills Training (MJTST), Ministry of Transportation and Infrastructure (MTI) and other agencies to encourage the federal government to create conditions for greater access, lower costs and greater ease of visa issuance. Destination BC works with airlines and tour operators to market new flights into BC and will implement tactics to take advantage of new air capacity to BC.
Risk: Higher air access costs, which are passed on to ticket prices, and limited air capacity from some markets is putting BC at a competitive disadvantage relative to some competitors.	The higher cost of flying to Vancouver relative to Seattle and Denver is putting BC at a competitive disadvantage in the cruise and ski sectors, respectively, as well as other sectors of the tourism industry.	Destination BC is working with MJTST, MTI and other agencies to encourage the federal government to create cost parity for BC airports compared to US competitors.

RISKS AND OPPORTUNITIES, continued

RISKS & OPPORTUNITIES	IMPACT	ACTIONS
Health and Safety Issues		
Risk: Travel is very sensitive to events that create health or safety concerns for tourists. 9/11, SARS (2003) and the outbreak of the H1N1 virus (2009) led to significant, albeit short term, decreases in tourism for BC.	Health or safety concerns can lead to significant short term decreases in travel, which may affect the viability of some tourism businesses. Concerns and mis-perceptions about health and safety risks may persist long after the threat is over.	Destination BC will work with related agencies such as MJTST, CTC, Tourism Industry Association of British Columbia and Tourism Industry Association of Canada to ensure accurate, up-to-date travel and health information is available for visitors through all consumer-related distribution channels. Destination BC will maintain regular contact with all travel trade contacts as appropriate during health-related occurrences.

RISKS & OPPORTUNITIES	IMPACT	ACTIONS
Industry Alignment		
Opportunity: Provincial government funding of city and community tourism marketing and development through the 2% Municipal and Regional District Tax and the Resort Municipality Initiative creates on-going opportunities for coordination and collaboration with Destination BC.	If well coordinated, tourism marketing by cities and communities complements marketing by Destination BC and the RDMOs, increasing the impact of investments in tourism marketing and increasing revenue growth of the BC tourism industry.	Destination BC will work with cities and communities to encourage complementary marketing investments, travel trade and media familiarization trips and other activities. The Tourism Marketing Committee has created a sub-committee to identify ways to improve stakeholder collaboration and alignment in BC and will provide advice to Destination BC in 2014/15. Strengthening stakeholder collaboration and alignment will be an important component of Destination BC's new tourism marketing strategy.

RISKS & OPPORTUNITIES	IMPACT	ACTIONS
Emerging World-Class Tourism Products and Experiences		
Opportunity: Development of Aboriginal cultural tourism Emerging products such as wine-touring, outdoor adventure and world-class ski resorts in addition to Whistler.	Aboriginal cultural tourism provides social, cultural and economic benefits to BC's Aboriginal communities and adds richness and diversity to BC's tourism experiences. Outstanding niche products motivate high yield visitors.	Support development and marketing of Aboriginal cultural tourism experiences by working with Aboriginal Tourism Association of British Columbia. Collaborate with other Provincial Agencies to support development of high-potential emerging products.

RISKS AND OPPORTUNITIES, continued

RISKS & OPPORTUNITIES	IMPACT	ACTIONS
CTC Funding		
Risk: Destination BC partners with CTC in overseas markets. Recent cuts to CTC funding may impair Canada's ability to improve its competitive position in overseas markets.	Reduced resources for the CTC at a time when most competitors are increasing their investment in tourism marketing may lead to a long-term erosion of overseas market potential and partnering/leverage opportunities for Destination BC and British Columbia's tourism industry.	Destination BC will work with the CTC to minimize impacts in BC's key overseas markets and will adjust strategies and tactics as necessary. Report any required changes in strategies to government and industry partners.

Johnstone Strait

OPERATIONAL CAPACITY

Organizational capacity plays a key role in the success of the Corporation. Current and future needs require sound, responsive and adaptive business processes and technology and a highly skilled and motivated workforce. Destination BC is developing its first corporate strategy, including a new marketing plan, as directed by legislation and the Government's Letter of Expectations (GLE). On completion, we will align our workforce, capital and technology strategies and business processes with the new corporate strategy and utilize our financial, capital and human resources as effectively as possible.

GOALS, STRATEGIES, PERFORMANCE MEASURES AND TARGETS

This Service Plan outlines Destination BC's goals for the 2014/15 to 2016/17 fiscal years, and the strategies identified to achieve them. The goals, objectives, strategies, measures and data sources will be refined as a new three year strategic marketing plan is developed under the direction of Board and CEO and updated in the next service plan. This will include working with the Province to confirm or replace key performance measures that reflect the Corporation's operating performance and the new marketing plan.

The Provincial Tourism Strategy, *Gaining the Edge*, provides important context for Destination BC's short and long-term tourism marketing strategies and decisions. This includes the key goals of *Gaining the Edge* of increasing tourism industry revenue and ensuring that all tourism regions of the province experience growth.

The strategies of *Gaining the Edge* are grouped under four themes:

1. **Leadership through Partnership and Coordination,**
2. **Focused Marketing,**
3. **Quality Visitor Experiences, and**
4. **Removing Barriers to Industry Growth.**

The Corporation's goals and strategies are designed to support the industry to achieve target growth rates and generate economic and social benefits for all British Columbians. Destination BC works to: a) create awareness and interest in British Columbia as a tourism destination and link prospective visitors to the products and experiences the province has to offer; facilitating the sale of British Columbian tourism experiences to visitors, b) assist tourism businesses to provide an excellent and uniformly high level of customer experience, leading to greater repeat visitation and recommendations of British Columbia through word of mouth and social media, c) align efforts of all industry and government stakeholders in order to present a consistent, highly appealing image of British Columbia as a tourism destination to the world and ensuring that marketing investments of different industry stakeholders are as complementary as possible, d) lead strategic planning and performance tracking for British Columbia's tourism industry, and e) measure and communicate the economic value of the tourism industry to British Columbia.

Spruce Lake

DESTINATION BRITISH COLUMBIA'S CORPORATE GOALS ARE:

Goal 1: Attract Visitors

Assist industry to increase tourism revenue by attracting more visitors.

Goal 2: Remarkable Guest Experiences

Assist industry to develop, deliver and maintain a consistent world-class guest experience.

Goal 3: Strong Relationships

Engage, align and collaborate with key industry stakeholders, partners and governments to focus collective tourism marketing efforts.

Goal 4: Business Efficiency

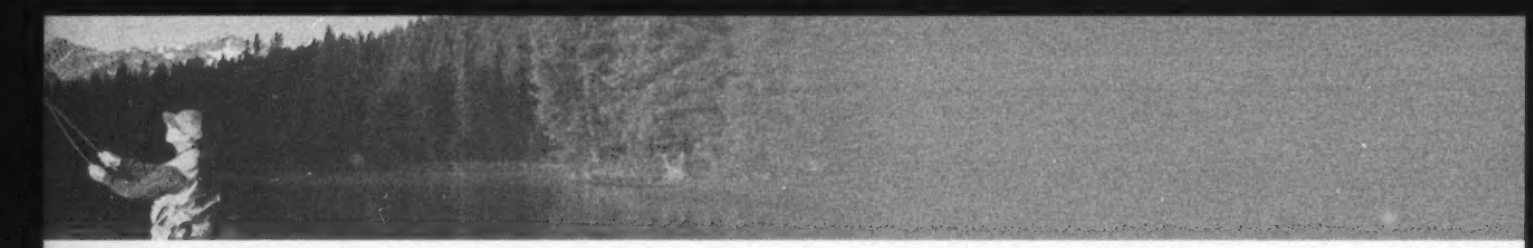
Conduct our business efficiently in a changing environment.

Goal 5: Talented, Motivated People

Develop and empower a team that is engaged, strategic, responsive and innovative.

The specific objectives and strategies will be further refined by the Destination BC Board of Directors during 2014/15 as a new strategic marketing plan is developed.

Great Bear Rainforest



GOAL 1: Attract Visitors to increase tourism industry revenue.

STRATEGIES	PERFORMANCE MEASURE	2013/14 FORECAST	2014/15 TARGET	2015/16 TARGET	2016/17 TARGET
Deploy a combination of media relations, travel trade and consumer direct marketing activities to connect consumers to travel information and products through the channel of their choice.	Number of visits to Destination BC consumer websites.	8.0 Million	8.3 Million	8.6 Million	8.9 Million

Data Source: Destination BC

Discussion

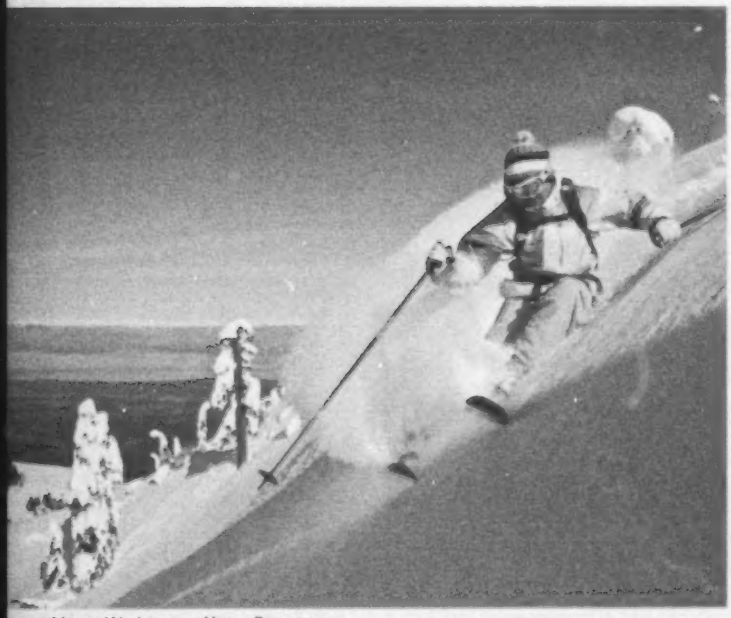
To attract more visitors and contribute to the Province's goal of increasing tourism revenue Destination BC works to increase the awareness, interest and urgency to visit British Columbia of potential visitors and then facilitates purchase by connecting visitors directly, or through tour operators, to British Columbian tourism products and services. The number of visitors to Destination BC's consumer websites – including **HelloBC**.com and all the international language sites – is a measure of the success of a range of marketing activities designed to move consumers down the path to purchasing a trip to British Columbia. Providing online content which provides both inspiration and information is crucial to enabling potential tourists to make plans to visit the province. The websites are designed to make it easy for consumers to explore BC's many tourism products and services, connect with tourism businesses and finally, to make the decision to visit.

Summerland

GOAL 2: Remarkable Guest Experiences – Assist industry to develop, deliver and maintain a world-class guest experience.

STRATEGIES	PERFORMANCE MEASURE	2013/14 FORECAST	2014/15 TARGET	2015/16 TARGET	2016/17 TARGET
Improve the guest experience through integrated visitor information services.	Visitor Centre Network satisfaction with programs and services.	97% rate either good, very good or excellent	97%	97%	97%
Assist tourism businesses to meet and exceed guest needs and expectations.	**WorldHost** program participants.	12,000	13,000	14,000	15,000

Data Source: Destination BC and third party independent research firm.



Mount Washington Alpine Resort

Discussion

The delivery of outstanding experiences for guests from anywhere in the world is critical to achieving higher revenues through increased spending and longer stays, and the responsibility for this lies largely with tourism businesses, supported by Visitor Centres. Destination BC contributes by providing tools, education and training programs, such as **WorldHost**, to enhance the overall quality of the guest experience throughout the province. As part of development of a new corporate and marketing strategy in 2014, Destination BC will develop direct measures of the quality of guest experiences for inclusion in the 2015/16 – 2016/17 Service Plan.

GOAL 3: Strong Relationships – Engage and collaborate with key industry stakeholders, partners and governments to align and focus collective tourism marketing efforts.

STRATEGIES	PERFORMANCE MEASURE	2013/14 FORECAST	2014/15 TARGET	2015/16 TARGET	2016/17 TARGET
Increase the amount of private sector and government funding contributed to joint marketing initiatives between the BC industry and Destination BC.	Private sector and community funds leveraged by Destination BC co-operative marketing programs.	$6.9 Million	$7.25 M	$7.60 M	$8.0 M
Strengthen relationships with key industry stakeholders and cross-government partners.	Stakeholder satisfaction with Destination BC programs and services.*	Establish baseline	Maintain or improve over baseline	Maintain or improve over baseline	Maintain or improve over baseline

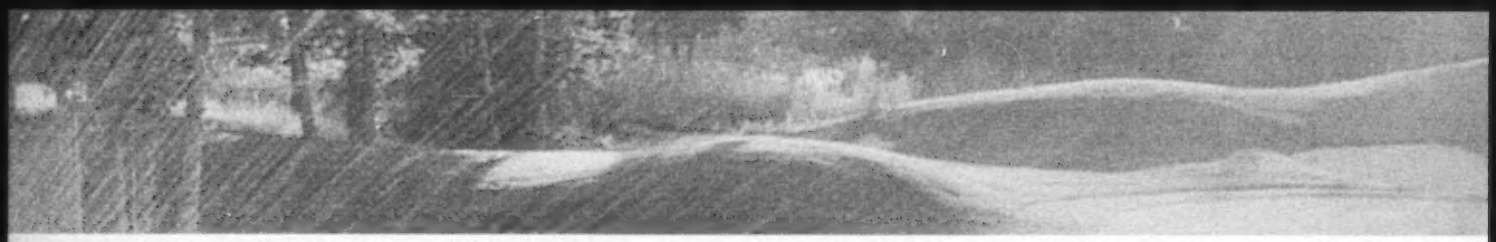
Data Sources: Destination BC and third party independent research firm.
* Initial survey will take place at the end of March and results will be included in the 2013/14 Annual Service Plan Report. This will provide a basis for setting targets in the future.

Discussion

A key objective of Destination BC is to increase collaboration and coordination in marketing across the BC tourism industry. One approach that Destination BC takes towards this end is to use its marketing funds to leverage private and public sector funding.

To ensure that Destination BC delivers programs and activities that provide value for tourism stakeholders, an independent third-party survey of industry stakeholders will be conducted at the end of each fiscal year.

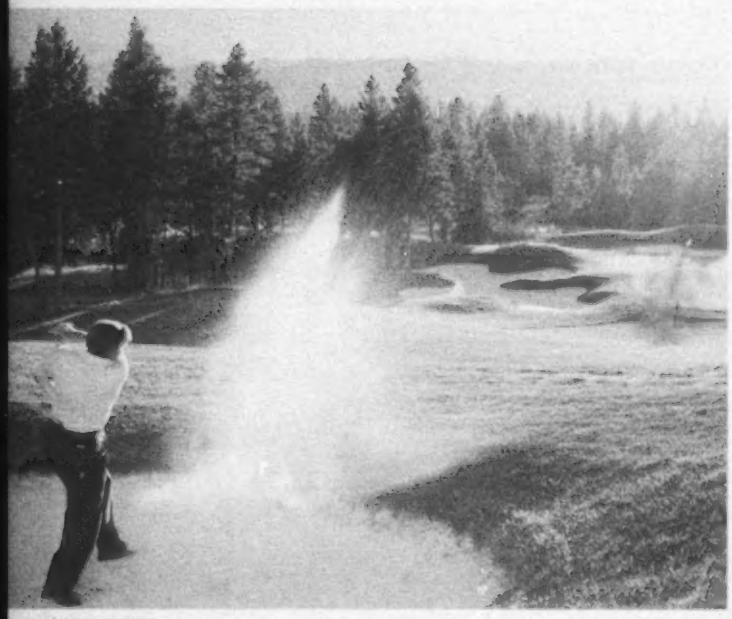
Fraser Canyon



GOAL 4: Business Efficiency – Conduct our business efficiently in a changing environment.

STRATEGIES	PERFORMANCE MEASURE	2013/14 FORECAST	2014/15 TARGET	2015/16 TARGET	2016/17 TARGET
Ensure cost effective provision of support services that meet business requirements.	Percentage of Destination BC funds allocated to support services.	4.6%	< 10%*	< 10%	< 10%

Data Source: Destination BC Annual Financial Statements.
*The increase from 2013/14 to 2014/15 is due to the shift of the budget related to facilities and technology services to Destination BC from Shared Services BC, as described on page 26.



Invermere

Discussion

Destination BC must maximize BC's tourism marketing funds available through innovation and the careful management of human and financial resources. The annual evaluation of corporate support costs by the Board of Directors will provide an important indicator of performance and contribute to overall transparency. Support services costs include accounting operations, facilities, administration, human resources, the CEO's office and board expenses and will be measured as a percentage of total annual expenditures. In 2014/15 external benchmarks will be established to drive efficiency and cost effectiveness.

GOAL 5: Our People – Develop and empower a team that is engaged, strategic, responsive and innovative.

STRATEGIES	PERFORMANCE MEASURE	2013/14 FORECAST	2014/15 TARGET	2015/16 TARGET	2016/17 TARGET
Attract, retain and develop highly skilled and engaged people.	Employee engagement.	Baseline to be established.*	Maintain or improve on baseline.	Maintain or improve on baseline.	Maintain or improve on baseline.

Data Source: Annual Employee Engagement Survey executed by an independent third party research firm. It is anticipated that the first survey will take place at the end of the 2013/14 fiscal year.

* Initial survey will take place at the end of the fiscal year and results will be reported in the 2013-14 Annual Service Plan report. That baseline will be used to set future targets.

Discussion

The long-term success of Destination BC will depend on talented and engaged employees dedicated to the success of the organization and its goals. The annual evaluation of employee satisfaction and engagement will support the Board of Directors and senior management to identify opportunities and make progressive decisions that reflect the value of a stable, thriving work environment.

Targets And Benchmarks

2013/14 is Destination BC's first year of operation as a Crown corporation and it is in the process of establishing baselines for many performance measures. In addition, the Board and new CEO are leading the development of a new corporate strategy and new marketing plan that will be complete in early 2014/15. Once the first year of operations is complete and the corporate strategy is in place, the corporation will have baseline performance measures and will be able to set meaningful targets for future years.

Every provincial or state Destination Marketing Organization (DMO) has somewhat different responsibilities and strategies and operate in different environments, making it difficult to find true comparators. In Appendix 1 the performance measures for which there may be useful comparators have been identified. During 2014/15, Destination BC, with advice from the Tourism Marketing Committee and the Minister, will establish external benchmarks for corporate performance measures, where appropriate.

GOVERNMENT'S LETTER OF EXPECTATIONS

Government's Letter of Expectations (GLE) is an annual letter of direction to Destination BC that reinforces the corporation's mandate and identifies strategic priorities that form the cornerstone of the corporation's governance framework. The letter is intended to establish the basis for a positive and collaborative working relationship between the Government and Destination BC through the clear articulation of the responsibilities and expectations of both parties.

GOVERNMENT DIRECTION	DESTINATION BC ACTIONS
Undertake marketing and partnership activities to assist the tourism sector to achieve the targets set out in *Gaining the Edge – A Five Year Strategy for Tourism in British Columbia*, and report progress to the Minister regularly;	Destination BC will undertake marketing and partnership strategies, as outlined in this Service Plan, to assist and support tourism sector growth. Destination BC will report quarterly to the Minister on progress toward *Gaining the Edge* targets and as part of overall *Gaining the Edge* reporting.
Implement a three-year marketing plan aligned with *Gaining the Edge - A Five-Year Strategy for Tourism in British Columbia*, with a focus on: ■ showcasing and enhancing high potential products where BC has competitive strengths, including the development of Aboriginal cultural tourism, ■ growing priority markets, including consumer and trade campaigns to capitalize on Canada's ADS in China, and developing the emerging markets of India and Mexico, and ■ supporting the development of outstanding tourism products in BC communities, through consultation with Destination BC's Tourism Marketing Committee and report progress to the Minister regularly;	The arrival of Destination BC's first permanent CEO on November 25, 2013 initiated development of a new marketing plan aligned with *Gaining the Edge*, with advice from the Tourism Marketing Committee. The new marketing plan will be completed in early 2014/15. Activities will be adjusted to the new plan as much as possible in 2014/15 with full implementation occurring the following fiscal year. Destination BC will report progress on the development and implementation of the new marketing plan to the Minister on a quarterly basis.
Provide input to, and align activities with, government's strategic priorities and guidance for the tourism sector under the *BC Jobs Plan* and *Gaining the Edge* tourism strategy, including any updates to those plans;	Destination BC works collaboratively with the Tourism Branch of the MJTST to achieve the government's strategic priorities for the tourism sector and will align activities with any changes in government priorities for the sector, including any updates to *Gaining the Edge*.

GOVERNMENT DIRECTION	DESTINATION BC ACTIONS
Use key performance indicators developed in 2013/14 to measure Destination BC and tourism industry performance and report these to the Minister regularly;	The Tourism Marketing Committee will complete a review of tourism industry performance measures and indicators during the first quarter of 2014/15. Destination BC will begin implementation of any improvements in industry measures recommended by the Tourism Marketing Committee in 2014/15. Destination BC will provide quarterly reports to the Minister on tourism industry performance as well as performance of Destination BC against corporate performance measures identified in this Service Plan.
Leverage private sector and other government (e.g. federal and local) funds through the use of provincial funds to develop joint marketing campaigns that are co-funded by the private sector and/or other governments;	Destination BC will continue to leverage funding from the private sector and other levels of government through its cooperative programs and set annual performance targets (see goal 3 above). The Tourism Marketing Committee has created a sub-committee to review practises of other jurisdictions and determine if there are other leveraging strategies and tactics that may be useful for Destination BC to consider.
Develop and publish contracts with Regional Destination Marketing Organizations that include clearly specified deliverables and performance measures upon which funding is predicated;	Destination BC published the 2013/14 contracts with the Regional Destination Marketing Organizations in June 2013 and will publish 2014/15 contracts when finalized.
Ensure planning and implementation of the upgrading of Visitor Centres is undertaken within Destination BC's approved budget, with implementation beginning in 2015/16;	Destination BC is part of a working group led by the MJTST and including the Ministry of Transportation and Infrastructure and other agencies to develop a strategic plan to upgrade rest stops and visitor centres with implementation beginning in 2015/16.
Receive corporate and legal services for 2014/15 exclusively from the Ministry responsible, the BC Public Service Agency, Legal Services Branch of the Ministry of Justice and Shared Services BC under Service Level Agreements with the Ministry responsible and Legal Services Branch, unless otherwise directed by the Minister.	During 2013/14, Destination BC provided a business case to the Minister with recommendations regarding the effective and efficient provision of corporate and legal services for submission to the Minister of Finance, and will implement directions received from the Minister.

SUMMARY FINANCIAL OUTLOOK

2013/14 was the first year of operations of Destination BC. Management services were provided through a set of service level agreements (SLAs) with different agencies within the provincial government:

- Ministry of Jobs, Tourism and Skills Training (MJTST) – financial services, information technology support, facilities, strategic human resources, freedom of information and records management
- Shared Services BC (SSBC) – corporate accounting systems, leases and facilities management, and information technology
- Public Service Agency – human resource services
- Ministry of Justice – legal services

Effective March 31, 2014, the SLA with SSBC will expire and SSBC will transfer $2.084 M related to its facilities and information technology budget to Destination BC. Effective April 1, 2014, SSBC will commence to charge the corporation for the provision of those services resulting in corporate services expenditures increasing from $2.404 M in 2013/14 to $5.221 M in 2014/15, which will be substantially offset by the budget transfer to Destination BC. All other cost pressures have been absorbed within the operations budget, while maintaining a corporate services budget within the target identified in the Service Plan.

In accordance with the 2013/14 GLE, Destination BC submitted a business case to the Minister during 2013/14 seeking approval for a more effective and efficient delivery model for some of its corporate services, including a new financial system and associated supporting financial and information technology staff. The corporation will continue to assess the manner in which it receives corporate services to ensure the most efficient and effective solutions are achieved.

A new funding model, based on a portion of the PST generated by the tourism industry, and therefore performance based, is currently being developed. Once introduced, the new funding model will mean that Destination BC's revenue will increase (or decrease) as PST revenue generated by the tourism industry increases (or decreases). This will necessitate changes in program expenditures as well.

The following table reflects the financial projections for 2014/15 through 2016/17.

	2013/14 FORECAST ($M)	2014/15 BUDGET ($M)	2015/16 BUDGET ($M)	2016/17 BUDGET ($M)[3]
Revenue (1)				
Government transfers	48.890	50.974	50.974	50.974
Deferred government contributions	0.500	0.760	0.760	0.760
Other revenue	3.227	3.052	3.052	3.052
Total Revenue	**52.617**	**54.786**	**54.786**	**54.786**
Expenditures (1)				
Tourism Marketing	26.080	26.213	26.213	26.213
Tourism Partnerships	22.316	21.211	21.211	21.211
Research, Planning and Evaluation	1.317	1.381	1.381	1.381
Corporate Services (3)	2.404	5.221	5.221	5.221
Amortization	0.500	0.760	0.760	0.760
Total Expenditures	**52.617**	**54.786**	**54.786**	**54.786**
Net Income	0.000	0.000	0.000	0.000
Total Debt	0.000	0.000	0.000	0.000
Retained Earnings	0.000	0.000	0.000	0.000
Capital Expenditures (2)	**2.500**	**1.300**	**TBD**	**TBD**

Financial Outlook Assumptions:

1. Revenue and Expenditures budgets for 2014/15 – 2016/17 are shown as constant based on conservative estimates and the uncertainty regarding how and when the new funding model will be introduced. When the new funding model is introduced revenue and expenditures will be adjusted accordingly.
2. Capital expenditures for 2013/14 reflect the transfer of capital assets from the Ministry of Jobs Tourism and Skills Training at the commencement of operations of Destination BC and an initial investment in information technology necessary to support achieving business objectives. Additional capital asset acquisition and information technology development is planned for 2014/15. Amounts for 2015/16 and 2016/17 will be determined through planning during 2014/15, pending Government approval.
3. The increase in corporate services from 2013/14 to 2014/15 is primarily due to the budget transfer of $2.084 M from SSBC to Destination BC related to facilities and technology services, for which SSBC will commence to charge Destination BC explicitly from April1, 2014.

SUBSIDIARIES

Destination BC does not have any active or inactive subsidiaries.

APPENDIX 1: PERFORMANCE MEASUREMENT SYSTEMS

To ensure Destination BC is responsive to the needs of the tourism industry and manages the corporation effectively, performance measures have been incorporated at three levels: industry performance, corporate performance and individual business unit performance. The following tables highlight the key industry and corporate performance measures.

Industry Performance Measure	Objective of Measure	Data Source
Provincial tourism industry revenue	To track tourism industry growth and economic contribution to BC.	BC Stats
Provincial tourism industry employment	To track tourism industry growth and economic contribution to BC.	BC Stats
Annual Overnight Visitors from:		
Canada (including BC)	Track increase in visitation from primary Canadian markets.	Travel Survey of Residents of Canada (Statistics Canada)
USA	Track increase in visitation from USA.	International Travel Survey (Statistics Canada)
Overseas Markets	Track increase in visitation from primary and emerging overseas markets.	International Travel Survey (Statistics Canada)
Provincial Accommodation Room Occupancy Rate	Track economic health and performance of the accommodation sector.	Pannell Kerr Forster
Provincial Daily Accommodation Room Rate	Track economic health and performance of the accommodation sector.	Pannell Kerr Forster

A broader set of monthly and annual tourism industry performance measures and indicators are available in Destination BC's **Value of Tourism** and **Tourism Indicators** publications.

Corporate Performance Measure	Objective of Measure	Data Source	Benchmark
Visitors to consumer websites	To track number of visitors to Destination BC consumer website as an indicator of success of marketing programs.	Destination BC	TBD during 2014/15
Visitor Centre Network satisfaction with Destination BC programs and services	To measure Visitor Centre Network satisfaction with programs provided by Destination BC and to inform program improvement.	Third party independent research firm	TBD during 2014/15 (if comparable exists)
Number of participants in **WorldHost** workshops	To measure Destination BC's contribution to enhancing British Columbia's tourism products and experiences.	Destination BC	TBD during 2014/15 (if comparable exists)
Private and public sector co-operative marketing funds leveraged by Destination BC programs (Includes Regional Partners, Tourism North, Community Tourism Opportunities, Experiences BC, Aboriginal Tourism Association of British Columbia programs)	To track and optimize alignment of cooperative marketing campaigns.	Destination BC	TBD during 2014/15
Industry Stakeholder satisfaction survey of Destination BC programs and services	To measure (and improve) stakeholder satisfaction with Destination BC programs.	Third party independent research firm	TBD during 2014/15 (if comparable exists)
Support Services costs	To measure and effectively manage administrative costs.	Destination BC Annual Financial Statements	TBD during 2014/15
Employee Survey	To measure employee satisfaction and inform actions to improve workforce engagement and productivity.	Annual Employee Engagement Survey executed by an independent third party research firm conducted at the end of each fiscal year.	TBD during 2014/15

CONTACT INFORMATION

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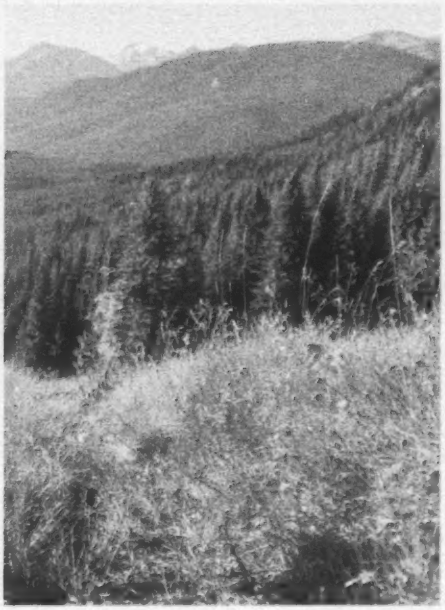
12th Floor, 510 Burrard Street
Vancouver, BC V6C 3A8

Corporate website: DestinationBC.ca
Tourism information: **HelloBC**.com

BRITISH COLUMBIA



South Chilcotin Mountains Provincial Park